



# Air Force Materiel Command

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*War-Winning Capabilities ... On Time, On Cost*



## Small Dollar Source Solutions

**U.S. AIR FORCE**

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*Integrity - Service - Excellence*



# Available Training

## Pre-Solicitation:

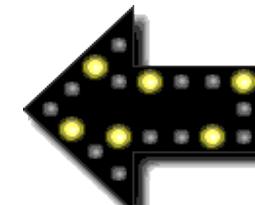
- Market Research (AFMC)
- Risk Assessment (AFMC)
- Requirements Document Development (AFMC)
- Cost & Price Planning (SAF ACE)
- Section L & M Development (SAF ACE)

## Proposal Evaluation:

- Evaluation of Mission Capability & Proposal Risk (SAF ACE)
- Performance Confidence Assessment (SAF ACE)
- Cost & Price Evaluation - two options:
  - ◆ Firm Fixed Price (SAF ACE)
  - ◆ Cost Reimbursable (SAF ACE)
- Debriefings (SAF ACE)

## Also Available:

- Performance Price Tradeoff (SAF ACE)
- Small Dollar Source Selections (AFMC)





# Training Objective

- **Provide introduction to source selection methods for lower dollar acquisitions of varying complexity**
- **Also applicable to higher dollar, non-complex acquisitions**
- **This training session assumes source selection is not using Simplified Acquisition procedures and is  $\leq \$10M$**



# What Is Source Selection?



**This ISN'T how we do it!**



# What Is Source Selection?

- **Competitive negotiated acquisitions**
- **Source Selection Procedures are addressed in FAR Part 15 - Contracting by Negotiation**
- **FAR Part 15.002(b) - Competitive procedures are intended to:**
  - ◆ **Minimize complexity of the solicitation, evaluation and the source selection decision**
  - ◆ **Foster an impartial and comprehensive proposal evaluation**
  - ◆ **Lead to selection of the proposal representing the best value to the Government**



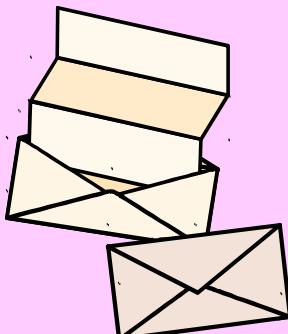
# The Best Value Continuum



## **FAR Part 8 and 12**

## **FAR Part 13 &**

# **Simplified & Sealed Bid**



## **FAR Part 15 and AFFARS**

# LPTA

## Low-Price/ Technically Acceptable



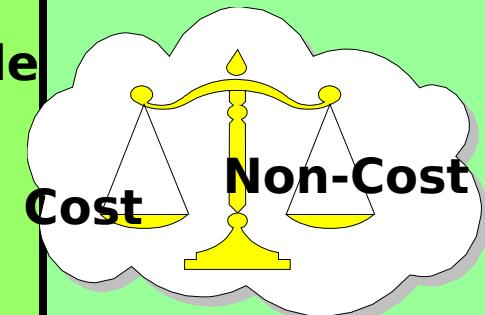
# Low Price

# PPT Performance / Price Trade-off



## Trade-off

# Full Trade-Off





# Lowest Price Technically Acceptable (LPTA) Process

- Appropriate when best value is expected from selection of technically acceptable proposal with the lowest evaluated price
- Past Performance does not have to be an evaluation factor
- Tradeoffs are not permitted
- Proposals are evaluated for technical acceptability but not ranked using non-cost/price factors
- Exchanges may occur



# Performance Price Trade-Off (PPT) Process

- Permits tradeoff between price and past performance confidence
- Technically acceptable proposals are determined then tradeoffs are made between price and past performance evaluation to determine successful offeror
- Technical factors may be evaluated on pass/fail basis only but cannot be traded off for price
  - ◆ Only factor being traded off with price is past performance
  - ◆ Need to determine relative importance of past performance and price factors (equal, more significant, less significant)



# Full Tradeoff Process

**Permits tradeoffs among cost or price and non-cost factors and allows the Government to accept other than the lowest priced offer**



# Team Composition

- **Lowest Price Technically Acceptable**
  - ◆ PCO
  - ◆ Technical, if required
- **Performance Price Trade-off**
  - ◆ PCO & Technical
- **Full Trade-off**
  - ◆ PCO
  - ◆ Technical
  - ◆ Others based upon relative complexity of acquisition

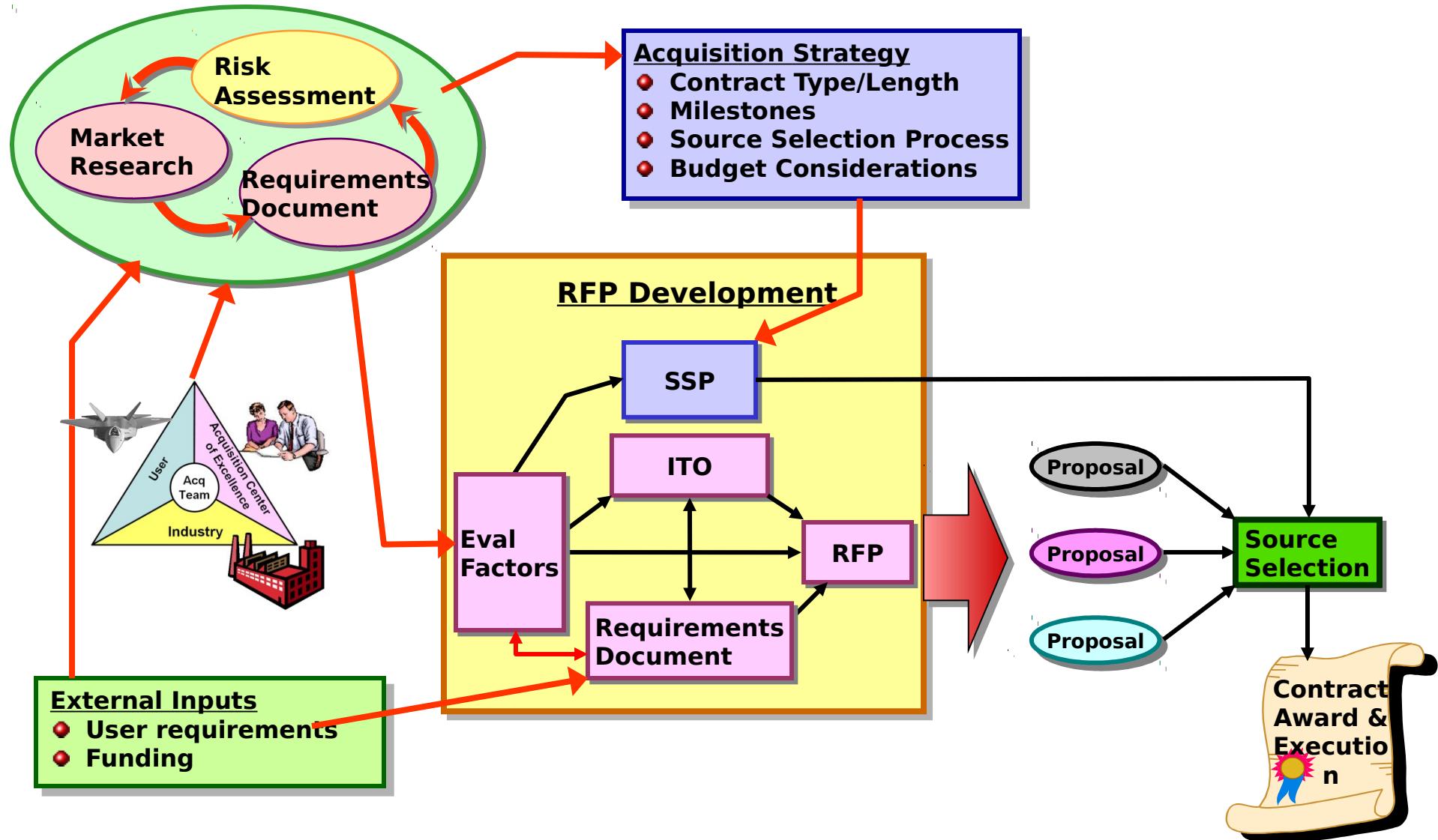


# Source Selection Activities

**No matter what process you use, some activities are common to all ...**



# Source Selection Activities





# External Inputs

- **Consist of two principal components**
  - ◆ **User Requirements - documented pursuant to local procedures**
  - ◆ **Funding commensurate with requirement**
  
- **These inputs must be firm in order to proceed with the next steps in the process**
  - ◆ **Baseline established herein used for market research, risk assessment, requirements document development**



# Market Research

- **Defined:** An analysis of the market to determine
  - ◆ The extent to which non-developmental or commercial products or services may be used to fulfill government requirements
  - ◆ The potential offerors
- **Benefits**
  - ◆ Increases your knowledge so you can design the most appropriate acquisition strategy
- **Process**
  - ◆ Many options e.g. industry days, web searches, industry associations, Subject Matter Experts....
  - ◆ See local ACE for specific training



# Risk Assessment

- **Defined:** An analysis of the pre-mitigated risks associated with the successful completion of required tasks. These should include cost, schedule, and performance requirements, and their interrelationships.
- **Benefits**
  - ◆ Those risks considered “high” should be considered as viable discriminators when developing evaluation factors, and in determining the appropriate acquisition strategy.
  - ◆ Helps focus the RFP and the resultant contract on what’s important
    - ▶ Reduces resources necessary to conduct the source selection and in contract administration
- **Process:**
  - ◆ Several tools are available to facilitate process



# Risk Assessment - Discriminators

- **Those areas, topics, or requirements that will enable the source selection evaluation team to distinguish among offerors**
  - ◆ These may include something as broad as past performance or price - or
  - ◆ Something as narrowly focused as a particular desired capability expressed in the requirements document
  
- **The identification of discriminators is arguably the most important determinant in establishing contract objectives, incentives, and evaluation factors.**
  - ◆ At this stage, draft the evaluation factors
  - ◆ Use those factors to determine best source selection process



# Requirements Document

- **Defined:** A performance based document that defines the government need without dictating the specific design solution.
  - ◆ Exceptions include NSN, QPL, construction, . . .
- **Benefits**
  - ◆ A well written requirements document can reduce government costs by allowing commercial practices and contractor innovation to drive the solution
- **Process**
  - ◆ It is almost always better to start with a clean sheet, as opposed to working backwards from an existing document
  - ◆ Focus on what is absolutely essential to the user/customer
  - ◆ Less is generally more

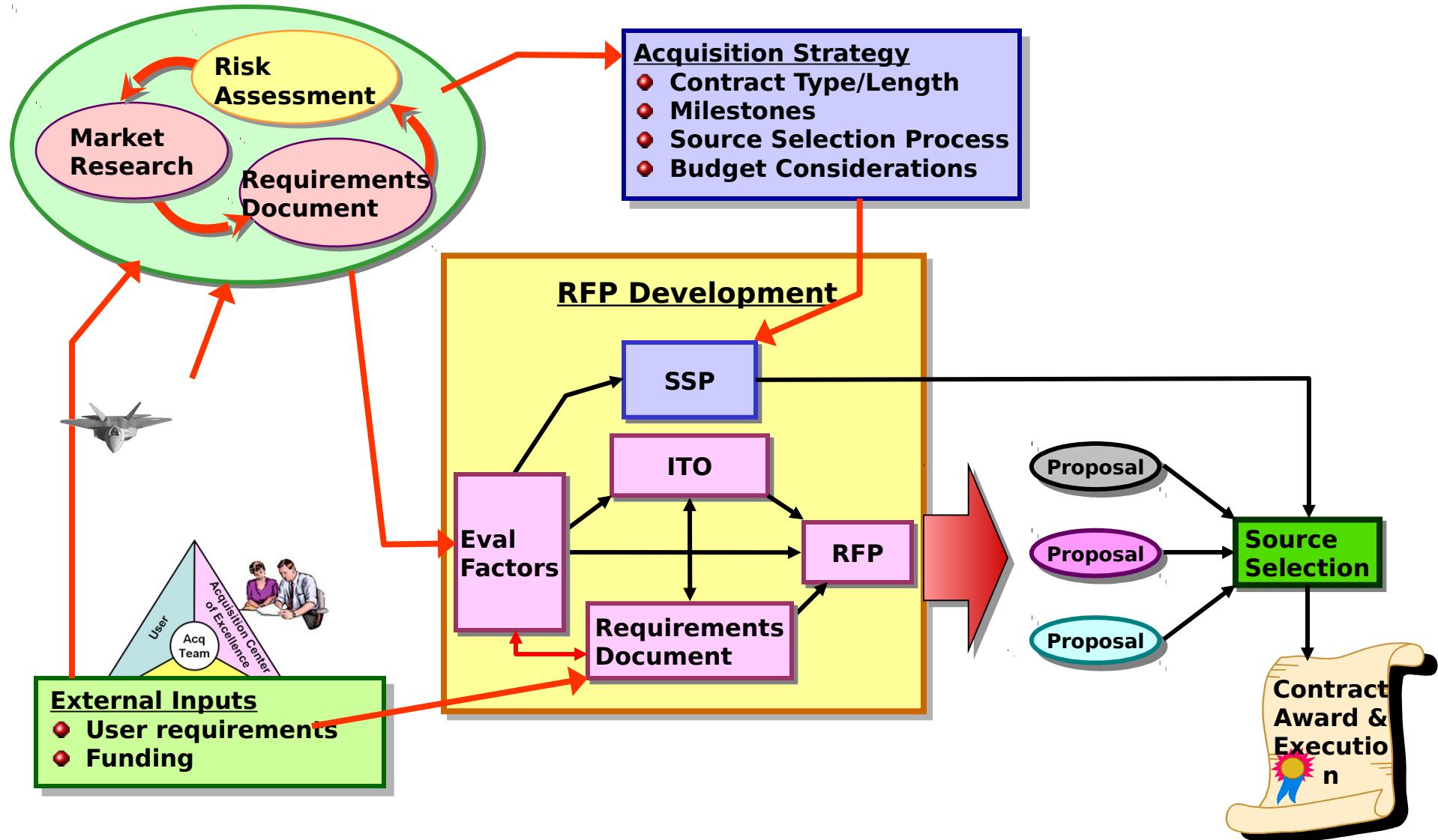


# Industry/User Involvement

- **Industry is the customer of the RFP**
- **The user is the customer of the eventual product or service produced by industry in order to meet government requirements**
- **Leaving either out of the early phases of the competitive process is short sighted, and will likely lead to surprises during source selection or contract execution**
- **Involve all stakeholders in**
  - ◆ **Market research**
  - ◆ **Risk Assessment**
  - ◆ **Development of requirements document**



# Source Selection Activities





# Acquisition Strategy

- For the purposes of this training, the acquisition strategy consists of four parts:
  - ◆ Determination of contract type/length
  - ◆ Milestones of the pre-award process
  - ◆ Selection of the source selection process
  - ◆ Budget considerations
- The results of market research, the risk assessment, and user requirements are important considerations in making all of the required decisions



# Acquisition Strategy - Contract Type/Length

- **Contract type should be determined based on the schedule, cost and performance risks identified during the risk assessment**
  - ◆ Should high performance risk be identified, precluding accurate cost estimation within a reasonable degree, a Cost-Reimbursement contract vehicle may be appropriate
  - ◆ Should there be little performance risk, a Fixed Price contract may be the better choice
- **Contract length for product acquisitions should be influenced by the contractors' feedback regarding how long it will actually take to complete contract requirements**
- **Contract length for all acquisitions is influenced by stability of requirements, statutes, funding, and ability to price**



# Acquisition Strategy - Milestones

- **The milestones to contract award are a required component of most acquisition planning documents and Source Selection Plans**
- **The results of the acquisition team's market research and risk assessment should contribute to the scheduling of these events**
  - ◆ **For example, should a significant number of proposals be anticipated, the time allotted for the source selection should be longer**



# Acquisition Strategy - Source Selection Process

- As mentioned earlier, there are three source selection processes applicable to acquisitions  $\leq \$10M$ 
  - ◆ Lowest Price Technically Acceptable
  - ◆ Performance Price Tradeoff
  - ◆ Full Tradeoff
- Based upon the discriminators identified through the risk assessment process, one of the processes should be chosen, and documented in the acquisition strategy and source selection plan

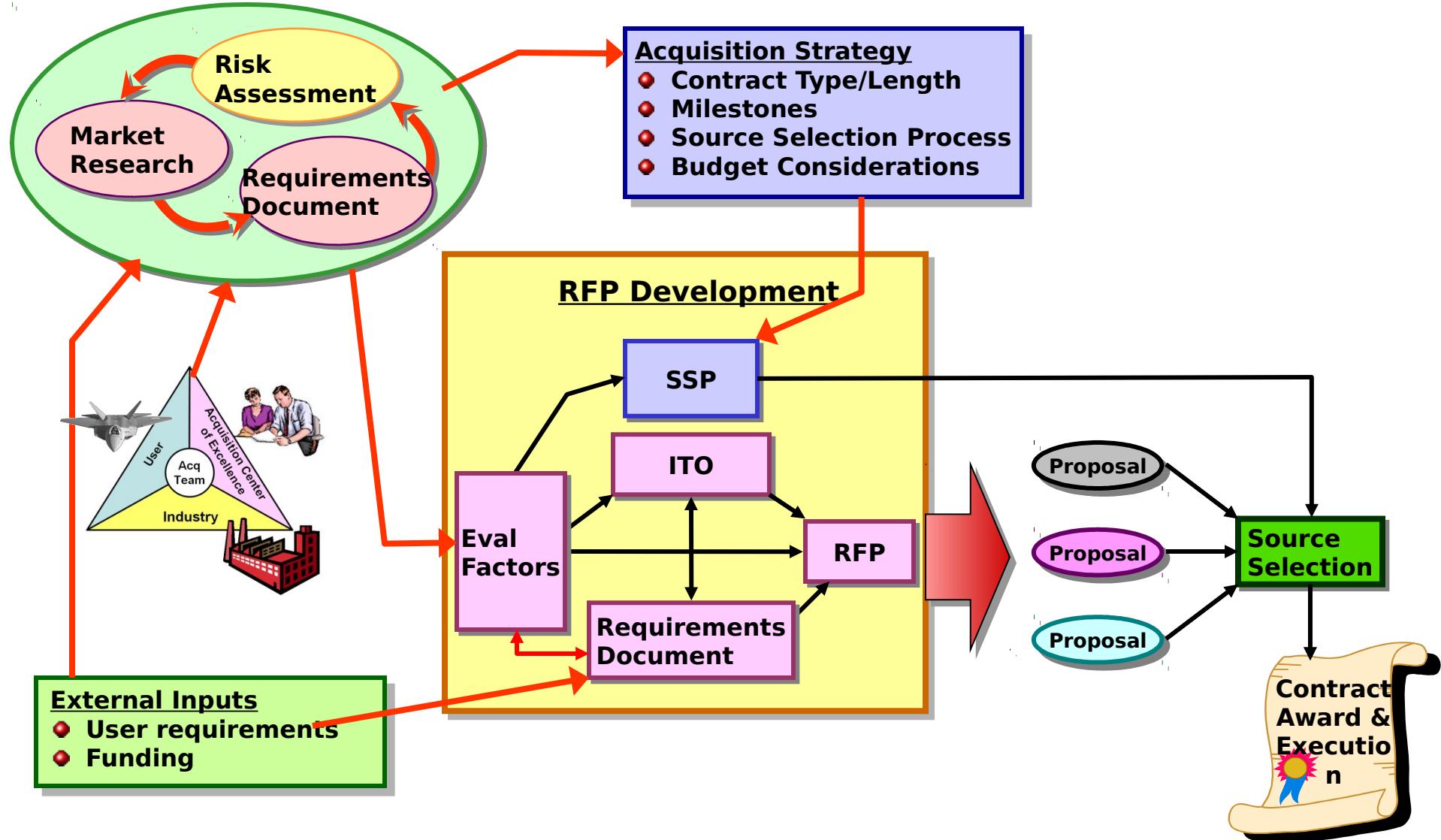


# Acquisition Strategy - Budget Considerations

- There are three principal budget considerations that are tied to the acquisition strategy
  - ◆ Type(s) of money (i.e. 3600 for R&D, or 3400 for O&M)
  - ◆ Amount (do you have enough to cover the requirement?)
    - ▶ If not, what requirement can you live without?
    - ▶ Are there alternative ways to meet the requirement?
  - ◆ Annual distribution
    - ▶ Is the funding available at the right time and in the right increments?
- The risk assessment should be able to help the team make all required acquisition strategy decisions pertaining to funding



# Source Selection Activities





# Request for Proposals

- Requirements
- Evaluation Factors (M)
- Instructions to Offerors (L)
- Other contractual information



# Evaluation Factors

- **Specific characteristics that are tied to significant requirements having an impact on the source selection decision**
  - ◆ **Expected to be discriminators between the proposals**
- **Uniform baseline against which an offeror's solution is evaluated to determine its value to the Government**
- **Used to measure how well each offeror meets RFP requirements**
- **Established specifically for each source selection**
  - ◆ **Written by evaluation team**
  - ◆ **Derived from market research and risk assessment**
  - ◆ **Approved by Source Selection Authority**
- **Used to determine which source selection process is**



# Evaluation Factors

- **Possible evaluation factors**

- ◆ **Mission Capability**
- ◆ **Proposal Risk**
- ◆ **Past Performance**
- ◆ **Cost/Price**

- **Evaluation process**

- ◆ **The choice of the evaluation factors determines which source selection process is appropriate**
  - ▶ **LPTA, PPT, or FTO**
- ◆ **Factors are selected based on results of Market Research, Risk Assessment and Requirements Document**



# Evaluation Factors - Mission Capability

- For FTO, mission capability is evaluated
  - ◆ For LPTA and PPT, technical acceptability is evaluated on pass/fail basis
- The evaluation provides for two distinct assessments
  - ◆ Technical rating of the offeror's capability to satisfy the Government's requirements
  - ◆ Risk rating assesses the likelihood or risk that the proposed approach will cause significant disruption of schedule, increased cost or degraded performance
- All technical requirements are not evaluated here; only those characteristics, or discriminators, that truly differentiate one proposal from another



# Evaluation Factors - Mission Capability, cont'd

- MC Technical Evaluation is expressed by color ratings: blue/exceptional, green/acceptable, yellow/marginal, or red/unacceptable
  - ◆ Narrative assessment is expressed in terms of strengths, uncertainties, and deficiencies
- MC Risk Evaluation is expressed by Low, Moderate, High, Unacceptable risk ratings
  - ◆ Narrative assessment is expressed in terms of weaknesses
- Subjective judgment implicit in the evaluation



# Evaluation Factors - Performance Confidence Assessment

- **Assesses the degree of confidence the AF has in an offeror's ability to provide products/services based on his demonstrated record of contract compliance**
- **Evaluation is expressed by Confidence Ratings: Substantial, Satisfactory, Limited, or No**
- **Applies to FTO and PPT over certain thresholds, and could apply to LPTA**



# Evaluation Factors - Cost/Price

- **Evaluated for reasonableness and realism in accordance with FAR 15.4, as supplemented**
- **Mandatory for all source selection processes**



# Sample Source Selection Factor Evaluation Matrix - Full Tradeoff

Mission Capability					
Subfactor 1 Warfighter Support	Subfactor 2 Responsiveness	Subfactor 3 Team Structure	Subfactor 4 SB/SDB Business Strategy		
	Risk Rating		Risk Rating		Risk Rating
Past Performance					
Price/Cost					

Integrated assessment of above factors and subfactors will be made in order to determine "best value" to the Government.



# Instructions to Offerors

## ● What is ITO

- ◆ **Proposal preparation instructions for offerors**
- ◆ **Format and content**
- ◆ **Section L in non-commercial RFPs**

## ● Steps to develop ITO

- ◆ **Look at your evaluation factors**
- ◆ **Only ask for what is necessary to evaluate those factors**
- ◆ **You have to evaluate everything you ask for**
- ◆ **You have to determine that offeror meets all RFP requirements**

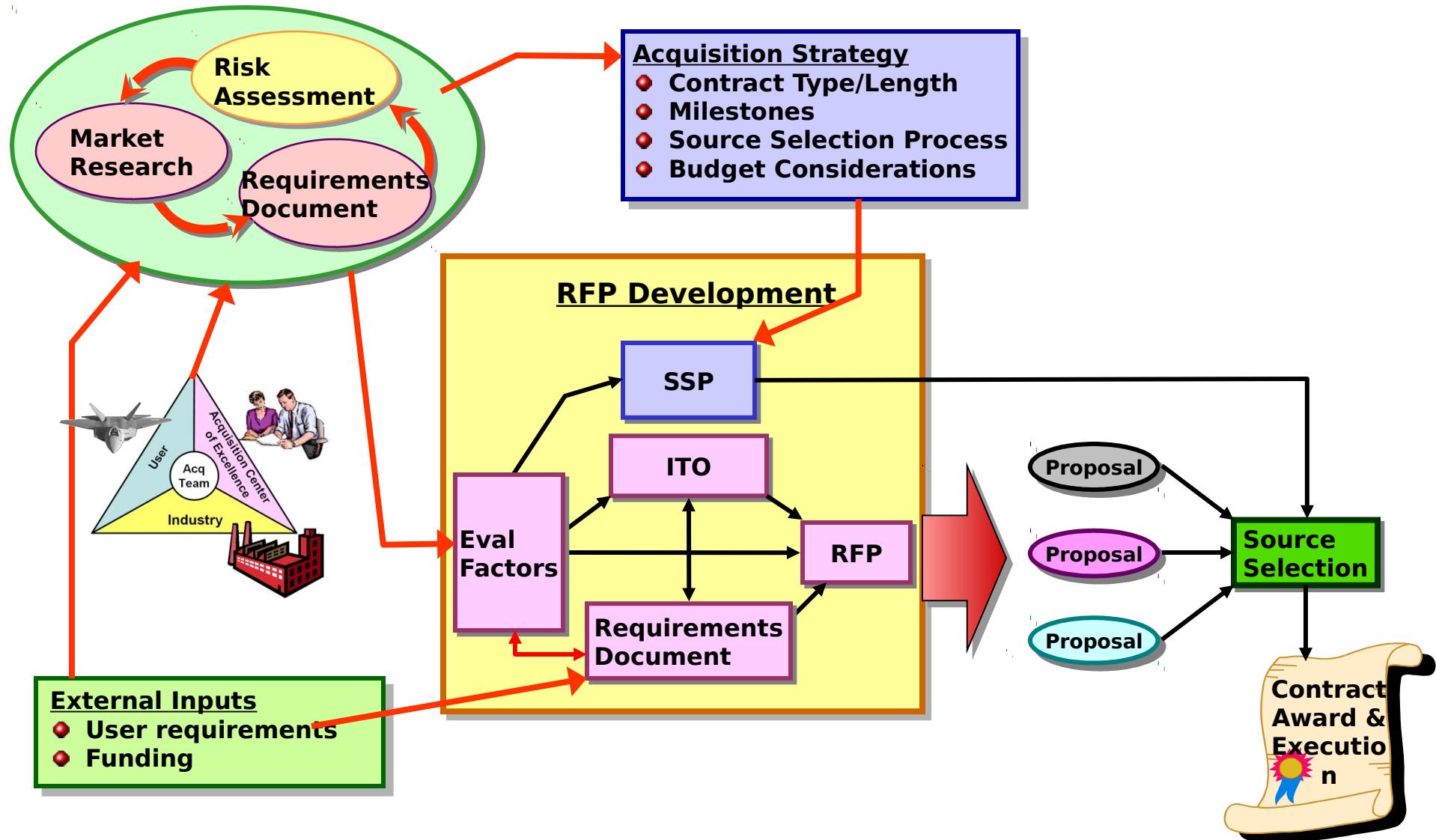


# Source Selection Plan (SSP)

- **Contents:**
  - ◆ **Brief description of the requirement**
  - ◆ **Evaluation factors and relative importance**
  - ◆ **Evaluation process**
  - ◆ **Techniques to be used in evaluating proposals**
  - ◆ **Communications with industry and among government personnel**
- **Signed by the SSA prior to RFP release**
- **The SSP is Part I of the Simplified Source Selection Report**
  - ◆ **Does not have to be a formal plan**
  - ◆ **Can be documented in briefing charts**



# Source Selection Activities





# LPTA Evaluation Steps

- Establish evaluation factors and subfactors before solicitation release, i.e., technical acceptability
- Tech eval shall document evaluations in sufficient detail to explain each pass/fail decision
- Award made to lowest evaluated cost (price) offer that meets all minimum mandatory criteria
- PCO makes award decision and ensures award decision is documented



# PPT Evaluation Steps

- When technical proposals are required, determine technical acceptability of each offeror
  - ◆ Based on pass/fail evaluation criteria in the solicitation
  - ◆ Offeror must pass all criteria to be considered acceptable
- If contractor is determined technically unacceptable, do not go further with price, performance evaluations
- Price for each technically acceptable proposal will be evaluated for price reasonableness, then ranked by total evaluated price to determine the low offeror
- Assess performance confidence for each offeror, or



# PPT Evaluation Steps (cont'd)

## ● Past Performance Evaluation

- ◆ **Past Performance Information on relevant contracts submitted with proposal**
- ◆ **Government obtains performance feedback through questionnaires, telephone surveys and automated systems**
  - ▶ **e.g., Contractor Performance Assessment Reporting System; Past Performance Information Retrieval System (PPIRS); PPIRS-SR applies in some cases**
- ◆ **Performance Confidence assigned using the performance ratings established in MP5315.3, Table 3**



# PPT Evaluation Steps (cont'd)

- **May award without discussions**
  - ◆ **Issues dealing with Past Performance don't qualify as discussions**
- **Discussions may be necessary**
  - ◆ **Technical Issues**
  - ◆ **Cost/Price**
- **Request Final Proposal Revisions**
- **Evaluate Final Proposal Revisions**

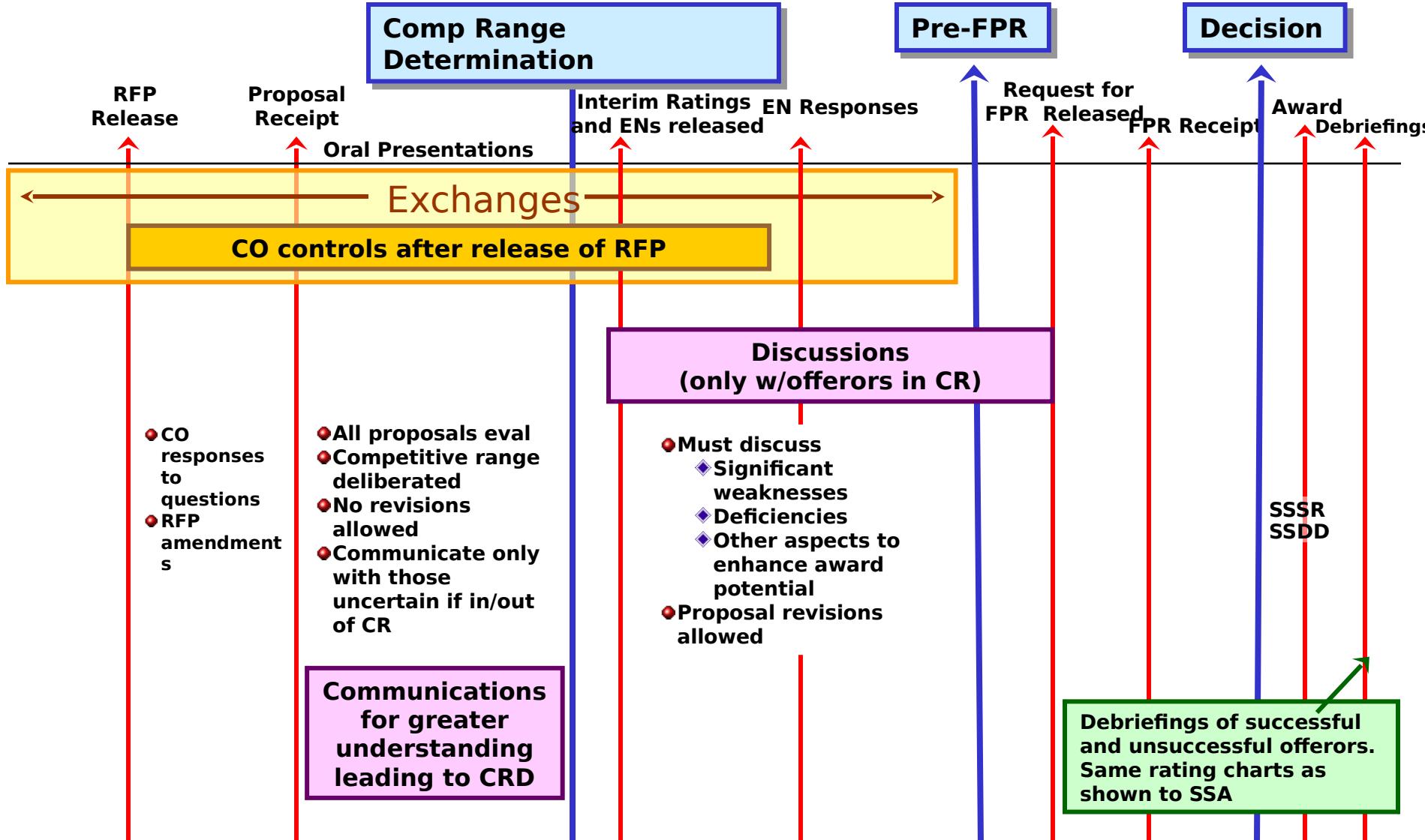


# PPT Evaluation Steps (cont'd)

- **Award may be made to the technically acceptable, low price offeror with “acceptable” performance confidence**
- **The government has the right to make a trade-off decision and award to other than the low offeror based on better performance confidence**
- **Good business judgment shall be used in making a trade-off decision**
- **Basis for decision must be thoroughly documented**



# FTO Evaluation - Overview





# Simplified Source Selection Report

- **Section I - Source Selection Plan and Acquisition Description**
  - ◆ Streamlined Source Selection Plan
- **Section II - Evaluation**
  - ◆ Rating Team Worksheets
  - ◆ Price Competition Memorandum
- **Section III - Comparative Analysis**
  - ◆ Concise comparative analysis of offerors
  - ◆ Supports the source selection decision
  - ◆ Team recommendation and any minority opinion
- **Section IV - Source Selection Decision Document**
  - ◆ Signed by SSA
  - ◆ Debriefing documentation can be attached to this section



# Matrix

## Activities/Documents

### **Source Selection Plan**

**Non-complex  
requirement  
(P/N, NSN, Drawings,  
Spec)**

**Mission Capability  
Evaluated**

**Past Performance  
Evaluated**

**Price Evaluated**

LPTA	PPT	FTO
Formal plan not required	Formal plan not required	Yes, as Part 1 of the PER
Yes	Yes	No
Pass/Fail	Pass/Fail (if used)	Yes
Optional *	Yes	Yes
Yes	Yes	Yes

\*Past Performance need not be evaluated if the CO documents why past performance is not appropriate (i.e. not a discriminator)



# Matrix

## Tradeoffs

**Notify offerors that they have been excluded from competitive range**

**Price Competition Memo required**

**Source Selection Authority**

**Source Selection Decision Document**

LPTA	PPT	FTO
No	Yes, between Past Performance and Price	Yes, between all factors
N/A	Yes	Yes
No*	Yes**	Yes**
PCO	PCO	PCO
Yes	Yes	Yes



# Helpful URLs or References

- **AFFARS Library Part 15 - Source Selection Center**
- **AF Library Part 42**
- **AFMCFARS Library Part 5315**
- **Local ACE, Contract Policy Office and JAG**



# Questions or Feedback

- **Questions?**

- **Feedback?**

- ◆ **Comments/Recommendations can be posted at:**

<https://afkm.wpafb.af.mil/ASPs/NewBB/topics.asp?Filter=OO-AQ-PK-S1&forumid=1325>

- ◆ **The training modules will be reviewed/updated periodically based on your inputs**